

DAVID J. VAN HAVERMAAT (Cal. Bar No. 175761)

Email: vanhavermaatd@sec.gov

DAVID S. BROWN (Cal. Bar No. 134569)

Email: browndav@sec.gov

Attorneys for Plaintiff
Securities and Exchange Commission

Joseph G. Sansone, Unit Chief (Market Abuse Unit)

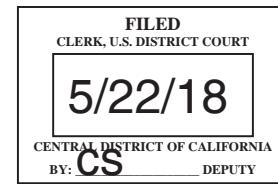
New York Regional Office

200 Vesey Street, Suite 400

New York, New York 10281

Robert A. Cohen, Unit Chief (Cyber Unit)
Headquarters
100 F Street, N.E.
Washington, District of Columbia 20549

Michele Wein Layne, Regional Director
Amy Jane Longo, Regional Trial Counsel
444 S. Flower Street, Suite 900
Los Angeles, California 90071
Telephone: (323) 965-3998
Facsimile: (213) 443-1904



UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION.

Plaintiff,

VS.

TITANIUM BLOCKCHAIN INFRASTRUCTURE SERVICES, INC.; EHI INTERNETWORK AND SYSTEMS MANAGEMENT, INC. aka EHI-INSM, INC.; and MICHAEL ALAN STOLLERY aka MICHAEL STOLLAIRE.

Defendants.

Case No. CV18-4315-DSF(JPRx)

**RECOMMENDATION BY
PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION THAT
JOSIAS N. DEWEY BE APPOINTED
RECEIVER**

(FILED UNDER SEAL)

1 Plaintiff Securities and Exchange Commission (“SEC”) requests the appointment
2 of a receiver over defendant Titanium Blockchain Infrastructure Services, Inc. (“TBIS”)
3 and its subsidiaries and affiliates. The SEC requests that the receiver have the full
4 powers of an equity receiver, including, but not limited to, full power over all funds,
5 tangible and intangible assets including digital assets and cryptocurrency, collateral,
6 premises, choses in action, electronic devices, books, records, papers, and other real or
7 personal property belonging to, being managed by, or in the possession or control of
8 TBIS and any of its subsidiaries and affiliates.

9 The SEC is not seeking to have a receiver appointed over defendant EHI
10 Internetwork and Management Systems Inc. aka EHI-INSM, Inc. at this time, or over
11 individual defendant Michael Alan Stollery aka Michael Stollaire, but is only seeking a
12 freeze their of assets ~~at this time~~.

13 The SEC recommends that Josias N. Dewey, Esq. of the law firm of Holland &
14 ~~Knight~~ be appointed receiver in this action. Attached as Exhibit 1 is a copy of a letter,
15 which states Mr. Dewey’s qualifications and the qualifications of the Holland & Knight
16 firm and its attorneys, and which includes a proposal to provide services as a receiver in
17 this action as well as additional information on the firm and their services.

18 Mr. Dewey sent the information attached as Exhibit 1 to the SEC at the request of
19 counsel for the SEC in this action, who solicited this information in conformity with
20 internal SEC procedures for selecting candidates to recommend for appointment by
21 federal district courts as receivers in SEC actions. The SEC obtained proposals from two
22 other qualified receiver candidates and evaluated all three proposals before selecting Mr.
23 Dewey as its recommended candidate for receiver in this action. If the Court desires, the
24 SEC will provide information regarding these or other candidates.

25 The SEC is recommending Mr. Dewey for several reasons. Mr. Dewey is an
26 experienced financial services attorney with expertise in the areas relevant to a
27 receivership over TBIS and its subsidiaries and affiliates, namely, blockchain and
28 distributed ledger technology, initial coin offerings, virtual and cryptocurrency, and

1 digital assets. He is an adjunct professor at the University of Miami School of Law and is
 2 a software developer. Mr. Dewey's law firm has experience in federal equity
 3 receiverships and securities litigation including SEC enforcement matters. Mr. Dewey's
 4 colleagues who would assist him in this matter include: a former United States Attorney,
 5 Wilfredo Ferrer; an attorney who was appointed as receiver in an SEC enforcement
 6 action, Mitchell Herr; and an attorney experienced in representing receiverships, Jose
 7 Casal. Mr. Dewey also intends to use the services of Holland & Knight attorneys
 8 Nicholas Melzer in Los Angeles (who would serve as Mr. Dewey's local counsel) and J.
 9 Matthew Donohue in Portland, OR, since TBIS has offices in both locations.

10 Mr. Dewey has agreed to cap the fees and costs incurred in the first 30 days of the
 11 receivership -- including all fees and costs incurred by the receiver as well as all fees and
 12 costs incurred by professionals and vendors the receiver may engage to assist in the
 13 administration of the receivership estate -- at \$125,000. This proposed initial fee cap is
 14 identical to what was ordered in a similar action filed by the SEC entitled *SEC v.*
 15 *AriseBank, et al.*, Civil Action No. 18-CV-01034-M (N.D.TX), in which Mark
 16 Rasmussen, of the law firm Jones Day, was appointed receiver over the entity AriseBank
 17 that the SEC alleged conducted an unregistered and fraudulent securities offering in the
 18 form of initial coin offering in violation of the federal securities laws.¹

19 Mr. Dewey has agreed to discount his regularly hourly rate by 15%, to \$655 per
 20 hour, which is reasonable particularly in view of his substantial experience and relevant
 21 expertise. Mr. Dewey has agreed to a 15% discount the rates of his colleagues at Holland
 22 & Knight who work on the matter. Since Mr. Dewey and several of those colleagues are
 23 based in Miami, he has also agreed that he and these colleagues will not bill for travel
 24 time to Los Angeles and Portland for work on this matter.

25 For these reasons, and because of the qualifications set forth in the proposal
 26

27 ¹ The Court in *AriseBank* also ordered that receivership fee limitations, if any, would be
 28 set by the Court after the receiver submitted his initial status report 30 days after entry
 of the order appointing the receiver.

1 attached as Exhibit 1, the SEC respectfully recommends that the Court appoint Mr.
2 Dewey as receiver in this matter.

3
4 Dated: May 22, 2018

Respectfully submitted,

5
6 */s/ David J. VanHavermaat*
7 David J. VanHavermaat
8 David S. Brown
9 Attorneys for Plaintiff
10 Securities and Exchange Commission